



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

|                         |             |                |   |
|-------------------------|-------------|----------------|---|
| <b>Bill #</b>           | SB0513      | <b>Title:</b>  | Facilitate community connection to internet |
| <b>Primary Sponsor:</b> | Moss, Lynda | <b>Status:</b> | As Introduced                               |

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|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

|  | <u>FY 2008<br/>Difference</u> | <u>FY 2009<br/>Difference</u> | <u>FY 2010<br/>Difference</u> | <u>FY 2011<br/>Difference</u> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Expenditures:</b>                   |                               |                               |                               |                               |
| General Fund                           | \$585,798                     | \$80,181                      | \$0                           | \$0                           |
| <b>Revenue:</b>                        |                               |                               |                               |                               |
| General Fund                           | \$0                           | \$0                           | \$0                           | \$0                           |
| <b>Net Impact-General Fund Balance</b> | <u>(\$585,798)</u>            | <u>(\$80,181)</u>             | <u>\$0</u>                    | <u>\$0</u>                    |

### Description of Fiscal Impact:

SB 513 creates the Montana Municipal Wireless Internet Connectivity Pilot Grant Program in the Department of Commerce to provide funding for local governments that propose public-private partnerships for the purposes of providing wireless internet access. The program terminates June 30, 2009.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Commerce (DOC)**

- Section 3 of the bill requires the DOC to create a grant program for communities to establish wireless networks. The DOC would design a competitive grant application process that identifies qualified local governments in one of the following tiers: A tier one recipient receives \$3 from the state for every \$1 that it raises for wireless internet connectivity and is in a geographical area that meets the criteria for an empowerment zone, as provided in 7-21-3704, MCA. A tier two recipient receives \$1 from the state for every \$1 that it raises for wireless internet connectivity.
- Section 4 of the bill provides for funding preferences in awards. If the funding in any year is less than the total amount for which grant applicants apply, the DOC would provide preference to the applicants that,

according to assessment criteria, propose the most viable wireless internet connectivity plan for serving the greatest public good.

3. Based on DOC's experience in administering federal and state grants to communities, it would require 1.00 FTE to administer the proposed pilot program. The estimated personal services costs for FY 2008 and FY 2009 is \$58,862. Program activities would include drafting grant application criteria, reviewing grant applications under the prescribed competitive ranking criteria, recommending grant awards, preparing grant contracts, assuring proper expenditure of grant funds by approving progress payments, on-site monitoring of funded projects, and approximately \$10,000 annually for wireless internet connectivity consulting services. The estimated operating costs are \$28,936 for FY 2008 and \$23,319 for FY 2009.
4. It is also assumed that the pilot program would be appropriated \$500,000 for the 2009 biennium to be used for grants to recipients proposing to adopt wireless internet connectivity in their communities.

|   | <b><u>FY 2008<br/>Difference</u></b> | <b><u>FY 2009<br/>Difference</u></b> | <b><u>FY 2010<br/>Difference</u></b> | <b><u>FY 2011<br/>Difference</u></b> |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <b><u>Fiscal Impact:</u></b>  |                                      |                                      |                                      |                                      |
| FTE   | 1.00                                 | 1.00                                 | 0.00                                 | 0.00                                 |
| <b><u>Expenditures:</u></b>   |                                      |                                      |                                      |                                      |
| Personal Services   | \$56,862                             | \$56,862                             | \$0                                  | \$0                                  |
| Operating Expenses  | \$28,936                             | \$23,319                             | \$0                                  | \$0                                  |
| Grants  | \$500,000                            | \$0                                  | \$0                                  | \$0                                  |
| <b>TOTAL Expenditures</b>   | <b>\$585,798</b>                     | <b>\$80,181</b>                      | <b>\$0</b>                           | <b>\$0</b>                           |
| <b><u>Funding of Expenditures:</u></b>  |                                      |                                      |                                      |                                      |
| General Fund (01)   | \$585,798                            | \$80,181                             | \$0                                  | \$0                                  |
| <b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b> |                                      |                                      |                                      |                                      |
| General Fund (01)   | (\$585,798)                          | (\$80,181)                           | \$0                                  | \$0                                  |

**Technical Notes:**

1. The DOC may not be the best agency for the proposed program. The Information Technology Services Division in the Department of Administration has staff with the requisite expertise in wireless connectivity that the Department of Commerce does not have.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*